



Module Three

Department of the Navy

Program Oversight

Government Commercial Purchase Card (GCPC)

Approving Official/Certifying Officer (AO/CO)

This is the third module of the Government Commercial Purchase Card Certification Course and we will be discussing program oversight specific to the Approving Official/Certifying Officer's role

Program oversight is very important because it ensures the integrity of the program and documents compliance with regulations.



AO/CO Module Objectives



- Define the AO/CO Transaction Review and Statement Reconciliation process
- Understand the importance of Balanced Accounts
- Understand Invoice Certification
- Define Convenience Check account oversight
- Define DON Audit Tool Requirements

In this module we will discuss how the AO/CO performs transaction review and the account reconciliation process.

We will discuss balanced accounts and invoice certification.

We'll also review convenience check account oversight and the steps for performing the monthly transaction review using the approved data mining audit tool.



Transaction Review & Statement Reconciliation



The AO/CO is required to review every Purchase Card transaction to ensure it's a legal and proper purchase. The AO/CO will:



The AO/CO is the first line of defense in identifying misuse, abuse or fraudulent use of the GCPC.

Once the Cardholder approves their entire statement, the electronic or "hard copy" file is forwarded to the AO/CO.

The AO/CO is required to review all Purchase Card charges to ensure the purchases on the statement are legal and proper for payment.

Only then will the AO/CO approve or reject payment of each purchase made by the Cardholders under their hierarchy.



Transaction Review & Statement Reconciliation



The AO/CO is required to review every Purchase Card transaction to ensure it's a legal and proper purchase. The AO/CO will:

- Reconcile purchases within five working days upon receipt of Cardholder signed statement



The AO/CO will reconcile purchases billed to their account within 5 working days from receipt of the Cardholder signed statement.

Account reconciliation is accomplished by reviewing supporting documentation for each purchase made by the Cardholders under their AO account.

To ensure Cardholder reviews are completed properly, supporting documentation is obtained from the Cardholder.

This includes properly documented receipts for property or services, and the verification that all transactions were necessary and valid Government purchases.



Transaction Review & Statement Reconciliation



The AO/CO is required to review every Purchase Card transaction to ensure it's a legal and proper purchase. The AO/CO will:

- Reconcile purchases within five working days upon receipt of Cardholder signed statement
- Seek legal advice to verify if a transaction is proper
 - Approve Cardholder statement(s)
 - Certify AO invoice for payment



If the AO/CO is uncertain if a transaction is proper, they should seek legal advice.

When the AO/CO has completed their review of all Cardholder statements, they will approve their AO invoice as legal, proper, and correct in accordance with their responsibilities.

The AO/CO will then certify their bank invoice for payment immediately upon account reconciliation.



Balanced Accounts

Balanced accounts prevent delinquencies and credit balances. These are key program metrics that are **reported monthly** as part of program oversight.

Balanced accounts prevent delinquencies and credit balances.

These are key program metrics that are reported monthly as part of program oversight.

Let's take a closer look at each of these.



Delinquent Accounts



- An AO account is delinquent 30 days from the statement date if the bank did not receive payment
- Delinquent accounts impact the program
 - ❑ Account suspension
 - 60 days past due = AO account suspended
 - Suspended AO account = Suspend AO's CH accounts
 - 150 days past due = Entire HL5 Activity suspended

PAST DUE

If an AO does not complete the reconciliation process and pay their invoice within 30 days, their account becomes delinquent.

AO/COs and A/OPCs should ensure Cardholders complete their account reconciliation within the required five working days to provide ample time to resolve any issues that may prevent payment.

DOD policy requires that the issuing bank suspend any AO account that is over 60 days past due.

When this happens, all Cardholder accounts under an AO account are also suspended.

If an AO account is in a delinquent status for more than 150 days, then all accounts for the entire HL5 Activity will be suspended.



Delinquent Accounts





- An AO account is delinquent 30 days from the statement date if the bank did not receive payment
- Delinquent accounts impact the program
 - ❑ Account suspension
 - 60 days past due = AO account suspended
 - Suspended AO account = Suspend AO's CH accounts
 - 150 days past due = Entire HL5 Activity suspended
 - ❑ Prompt Payment Interest Penalties
 - ❑ Loss of Rebates
- Tracking delinquent accounts is a key metric

PAST DUE

Delinquent accounts may also result in prompt payment interest penalties incurred and loss of financial rebates for early payment of invoices.

For these reasons, delinquent AO/CO accounts are closely tracked.



Causes for Delinquent Accounts

- AO/CO **on leave or travel** and no alternate assigned to certify on time
- Suspended invoices
 - ❑ Transactions **not obligated correctly** or **LOAs** not loaded properly
- Misapplied payments
- **Disputed** transactions
- Fiscal Year Rollover

There are a variety of reasons why an account becomes delinquent.

An AO/CO may be on leave, deployed or on travel and an alternate has not been assigned to certify the statement on time.

Invoices may suspend and not pay on time if transactions are not **designated** correctly using the proper Line of Accounting (LOA).

The bank may incorrectly apply payment due to incorrect account numbers or when a dispute is resolved in the favor of the merchant.

Lastly, the potential for delinquent accounts increases as LOAs (Lines of Accounting) change at the beginning of the fiscal year.



Credit Balances



- A **Credit Balance** occurs when the amount credited to an AO account exceeds the amount billed by the bank
- A credit balance may go **undetected** if the AO account is not reconciled each billing cycle
 - ❑ Refer to CCPMD website or Desk Guide for more detailed guidance regarding AO account reconciliation

Let's define credit balance.

A Credit Balance occurs when the amount credited to an AO account exceeds the amount billed by the bank.

Resolving a credit balance is important because a credit balance represents money that may be used for future government requirements.

A credit balance may go undetected if the AO account is not reconciled each billing cycle.

Refer to the CCPMD website or Desk Guide for more detailed guidance regarding AO account reconciliation and managing credit balances.



Invoice Certification



- Electronically certify invoices whenever possible using EAS or ERP
- Manual certification should comply with DFAS procedures
- AO/CO ensures payment processes and posts to the bank system
- If an invoice is **improperly** certified, the AO/CO is **presumed negligent and financially liable**

Invoice Certification

DON activities will electronically certify GCPC invoices using the bank Electronic Access System (EAS) or the Navy Enterprise Resource Planning (ERP) System to the maximum extent practical.

The cost of transaction processing by DFAS is significantly less if processed electronically rather than manually. Therefore, electronic certification is the preferred method.

Manual invoice certification must comply with established DFAS procedures.

The AO/CO will follow up to ensure payments are processed correctly and the payment posts to the bank system. If an invoice is improperly certified, the AO/CO is presumed negligent and financially liable.

This is one of the reasons maintaining proper supporting documentation is important, it may prove the AO was not negligent.



Convenience Check Account Oversight



- Cannot be disputed through the bank
 - ❑ Resolve directly with payee
- Convenience checks may not be issued above the micro-purchase threshold
 - ❑ Accounts will be **closed** if a check exceeds the micro-purchase threshold



Convenience check transactions cannot be disputed through the bank and must be resolved directly with the payee.

Check writers may not issue a check above the micro-purchase threshold.

Accounts that have checks written for any amount over the micro-purchase threshold will be closed and that check writer can no longer have a convenience check account.



Convenience Check Account Oversight



- Cannot be disputed through the bank
 - ❑ Resolve directly with payee
- Convenience checks may not be issued above the micro-purchase threshold
 - ❑ Accounts will be **closed** if a check exceeds the micro-purchase threshold
- Independent yearly **audit** required



An officer or equivalent DOD civilian who is independent of the office maintaining the account must audit convenience check accounts yearly on an unannounced basis.

This can be an HL3, HL4, or HL5 A/OPC outside of the hierarchy.



Convenience Check Account Oversight



- Cannot be disputed through the bank
 - ❑ Resolve directly with payee
- Convenience checks may not be issued above the micro-purchase threshold
 - ❑ Accounts will be **closed** if a check exceeds the micro-purchase threshold
- Independent yearly **audit** required
- Requires **annual IRS reporting** through DFAS

<https://dfas4dod.dfas.mil/systems/1099/>

There is an annual IRS reporting requirement to report payments made using convenience checks.

Regardless of the dollar value, reportable payments include but are not limited to payments for services, rent, medical training, maintenance fees, instructors, teachers, speakers, and more.

If the payment was for goods and services combined, it must be reported.

Annual reporting is processed through DFAS.

Additional information on IRS reporting is available on the CCPMD website.



AO Account Oversight

It is a **monthly requirement** for AO/COs to complete transaction review using the approved DON audit tool to ensure AO account oversight is documented



The Department of Navy requires the use of automated data mining techniques and systems to document and ensure proper program oversight.

It is a monthly requirement for AO/COs to complete the transaction review using the approved DON audit tool.

The AO/CO should review transactions selected by the audit tool as soon as they are notified that a Cardholder transaction has been identified for their review.



AO Account Oversight



It is a **monthly requirement** for AO/COs to complete transaction review using the approved DON audit tool to ensure AO account oversight is documented

- Using an audit tool provides a systematic process for capturing improper purchases identified by AO/CO
- The review documents AO/CO due diligence and compliance with internal management controls
- Timeline for completing audit reviews is determined by A/OPC



The audit tool provides a systematic process for capturing improper purchases identified by the AO/CO.

The review also documents the AO/CO due diligence and compliance with internal management controls.

The timeline for completing audit review is determined by the A/OPC.



Knowledge Check



Accounts become delinquent ____ days from the statement date if the bank has not received payment.

☐ 15

☐ 30

☐ 45

☐ 60



It's time for the first knowledge check for module 3.

Accounts become delinquent {how many} ____ days from the statement date if the bank has not received payment.



Knowledge Check



Accounts become delinquent ____ days from the statement date if the bank has not received payment.

- ☐ 15
- ☒ 30
- ☐ 45
- ☐ 60

The correct answer is
30 days
from the statement date



The correct answer is 30 days from the statement date if the bank has not received payment.



Knowledge Check



Choose all the answers that will
cause delinquent payments?

- ☐ Disputed transactions
- ☐ Suspended Invoices
- ☐ AO on leave and no alternate assigned
- ☐ Certification submitted on time



Which of the following will cause delinquent payments?



Knowledge Check



Choose all the answers that will cause delinquent payments?

☐

Disputed transactions



Suspended Invoices



AO on leave and no alternate assigned

☐

Certification submitted on time

The correct answer is both
'Suspended Invoices' & 'AO on Leave'



Delinquent payments may be caused by both “suspended invoices” and an “AO on leave with no alternate assigned”



Objectives Review



- Understand the AO/CO Transaction Review and Statement Reconciliation
- Recognize the importance of Balanced Accounts
- Understand Invoice Certification

Let's review the objectives for this module.

We discussed that the AO/CO is required by law to review all Purchase Card charges to ensure the purchase is legal and proper for payment.

The AO/CO reconciles purchases billed to their account within 5 working days from receipt of the Cardholder's signed statement(s).

We emphasized the importance of maintaining balanced accounts to prevent delinquencies and credit balances which may negatively impact account metrics.

We stated that the cost of transaction processing by DFAS is significantly less if processed electronically rather than manually.

Therefore, electronic certification is the preferred method.

We also discussed that the AO/CO is presumed negligent and financially liable for any improper invoice certification.



Objectives Review





- Understand the AO/CO Transaction Review and Statement Reconciliation
- Recognize the importance of Balanced Accounts
- Understand Invoice Certification
- Define Convenience Check Account Oversight
- Define audit tool requirements

Convenience check transactions cannot be disputed through the bank and must be resolved directly with the merchant or payee.


Any convenience check accounts that have checks written for an amount over the micro-purchase threshold will be closed and that check writer will no longer have a convenience check account.

Finally, we covered the monthly requirement to use the approved DON audit tool to document AO oversight.




Module Three – AO/CO

Department of the Navy Government Commercial Purchase Card Training (DON GCPC)



**DON Consolidated Card Program Management Division
(DON CCPMD)
NAVSUP HQ 034
5450 Carlisle Pike
Mechanicsburg, PA 17055 U.S.A.**



This concludes Module 3 for **Approving Officials and Certifying Officers**

Return to the main menu and select Module 4 to continue.